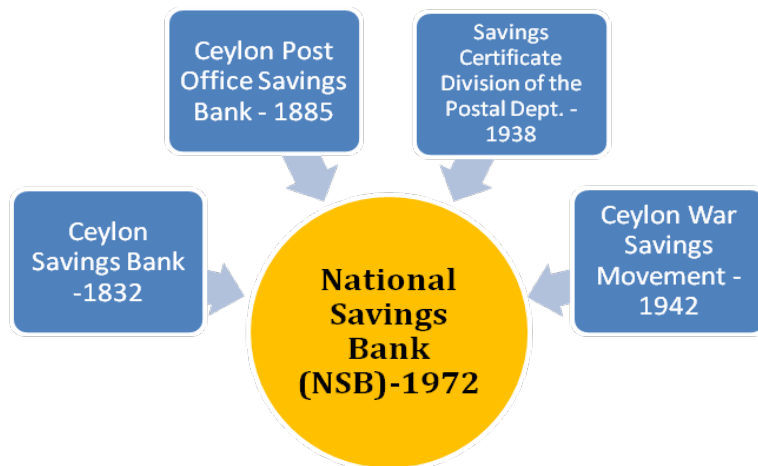


# NATIONAL SAVINGS BANK, SRI LANKA

## A 40-YEAR LEGACY OF FINANCIAL INCLUSION & ECONOMIC EMPOWERMENT

*'The new Bank will provide variety in the savings facilities offered to the public so that the preferences of different classes of depositors, particularly those in the rural sector, can be effectively exploited.'* said Dr. N.M. Perera, the then Finance Minister, in his maiden budget speech in 1970, emphasising the need for a bank that facilitates 'the different classes of depositors, particularly those in the rural sector', to access financial products such as savings and credit and thereby economically empower them. Dr. N.M. Perera identified the need for the inclusion of people in the financial system as being a pre-requisite for economic growth and alleviation of poverty. As the budget was passed, he lost no time in forming National Savings Bank (NSB) in 1972 with the expressed objective of *'promotion of savings among the people, particularly among those with limited means, and the profitable investment of savings so mobilised.'* Even though

'financial inclusion', as a development goal, had not gained importance at the time, that was exactly what Dr. N.M. Perera had in mind in forming NSB. He had clearly identified the geographical dimension of financial inclusion - providing



financial products to the under-served population in rural and remote areas and the product dimension - offering accessible and affordable services, adapted to the specific needs of the low income population and the need for catering to their needs effectively. Banking for the under-privileged was later taken up elsewhere in the region, in Bangladesh in 1976 with the Grameen movement of Muhammad Yunus, the Bangladeshi Nobel Laureate who said *'people were poor not because they were stupid or lazy. They were poor because the financial institutions in the country did not help them widen their economic base'* echoing the same ideals expressed by Dr. N.M. Perera in 1970.

## **‘Almost all Sri Lankans learnt their ABCs of saving from NSB’**

National Savings Bank, which came into being as ‘the poor man’s bank’ in 1972, celebrates its 40<sup>th</sup> anniversary in 2012 and takes pride in four decades of financial inclusion and economic empowerment of the people of the country. From such humble beginnings, the Bank has risen to the status of being Sri Lanka’s largest specialised bank and one of the largest of all banks in terms of assets and deposits. The success of National Savings Bank essentially reflects the success of the people of the country and the four-decade saga bears testimony to how the people of the country, especially the low income and rural segments, have come out of financial exclusion to actively take part in the economy. Inculcating the habit of savings and thrift among the people of the country was the task entrusted to NSB at its formation, and the Bank’s customer base, the largest of all banks in Sri Lanka, is testament to the fact that the Bank has fulfilled its founding objective. The Bank is very close to the people’s heart and the undeniable truth is that almost all Sri Lankans have learnt the ABCs of saving from National Savings Bank.

*‘In its 40 year history, NSB has evolved from being a traditional savings bank to being a modern retail bank that aspires to be the best choice for savings and investment solutions. The Bank that had defined itself initially as the bank that taught savings to the nation and, later, the family bank, now re-defines itself as a leader in developing the people and the country. In its 40-year existence, NSB has been able to expand to become one of Sri Lanka’s largest banks, and also one of the most influential state institutions, by continuing to empower the rural and the low-income earning people and empower the country’s development through savings mobilisation.’* NSB General Manager/CEO, H.M. Hennayake Bandara.

## **Snapshot of size and activities today**

Despite its specialised status, NSB stands tall among the commercial banking giants with formidable numbers: Sri Lankan rupee (LKR) / Rs.466 Bn assets and Rs. 411 Bn deposits by the end of 2011. The Bank has been aggressively expanding its network in the past few years and today it boasts a network of 210 branches spread across the island. NSB continues to cherish its

ties with the postal network and takes pride in being able to reach every nook and corner of the country in providing savings banking to the people of the country. ‘The Bank’s activities mainly focus on financial inclusion, which is evident in our wide reach of branch network, the add-on products and services, as well as CSR activities. Our objective is to mobilise people’s deposits and give them back to them in the form of credit so that their individual economies are strengthened.’ added Hennayake Bandara.

### **Milestones from 40 years**

The Bank, during the last decade, has achieved many milestones including winning international, regional and local accolades. Whilst continuing to be affirmed with AAA long-term credit rating by Fitch Ratings, NSB made its mark in the global arena with its Annual Report for 2010. Creating history as the most awarded annual report of all times, NSB Annual Report 2010 was ranked the World’s 4<sup>th</sup> Best Report and Asia Pacific’s 2<sup>nd</sup> Best Report at LACP Vision Awards, USA, and won the Gold Award for Management Commentary at the Annual Report Awards by the Institute of Chartered Accountants of Sri Lanka for the first time in the Bank’s history.

Completing 40 years of its journey with the people of the country, NSB has achieved so much in so little time as a specialised savings bank. The Bank’s success is unparalleled as it has been achieved without compromising any of its founding principles or discriminating any of its customer segments in its pursuit of success. Despite changing social, economic and political phenomena, the Bank remains the Bank of all Sri Lankans.

### **Outlook**

The future, according to forecasts, provides a positive outlook for the country, which is well positioned compared to global conditions. In 2012 and beyond, the banking industry is expected to flourish in a scenario of increased growth of its domestic market, reduced unemployment, increased labour productivity and accelerated poverty alleviation. Today, the local banking industry records assets worth Rs. 4.2 Trillion, compared to only Rs. 1 Trillion 10 years ago. The assets of the industry have increased four-fold in the past decade and, according to the

predicted high economic growth, the banking industry will have to maintain a high growth rate to reach the desired macro-economic outcome. Such a macro environment presents NSB - the premier savings bank, with a myriad of opportunities to expand its business through diversification of operations, upgrading systems and processes, expanding the range of products, concentration on cost efficiency, resource utilisation and enhancement of the quality of human resources.

*'NSB, being a state owned savings bank, has an immense responsibility towards the people and the country. We have always sought to empower people through long-term initiatives, the value of which accrues in the long term. As we complete 40 years in business, the outlook for the Bank remains positive and by positioning NSB to continue to contribute to the economic growth, and through our commitment to ethical practices and transparency, we look forward to continued sustainable expansion of the Bank's activities and enriching the lives of our stakeholders in the years to come.'* NSB General Manager/ CEO, H.M. Hennayake Bandara.